

(6/4) 0707-0844794 (24)

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Community Foundation of Northwest Indiana, Inc. and Subsidiaries
Years Ended June 30, 2007 and 2006
With Reports of Independent Auditors

- Community Hosp of Munster
- St. Catherine Hosp
- St. Mary Medical Center

Community Foundation of Northwest Indiana, Inc. and Subsidiaries

Consolidated Financial Statements
and Other Financial Information

Years Ended June 30, 2007 and 2006

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	8
Other Financial Information	
Report of Independent Auditors on Other Financial Information	32
Community Foundation of Northwest Indiana, Inc. and Subsidiaries:	
Details of Consolidated Balance Sheet	33
Details of Consolidated Statement of Operations and Changes in Unrestricted Net Assets	35
Community Foundation of Northwest Indiana Obligated Group:	
Details of Combined Balance Sheet	36
Details of Combined Statement of Operations and Changes in Unrestricted Net Assets	38

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Balance Sheet

June 30, 2007

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc.	Munster Medical Research Foundation, Inc. - The Community Hospital	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.
Assets						
Current assets:						
Cash and cash equivalents	\$ 30,452,649	\$ -	\$ 7,474,006	\$ 9,327,504	\$ 9,612,838	\$ 4,038,301
Assets limited as to use internally designated	109,284,732	-	103,492,175	5,792,557	-	-
Patient accounts receivable, net	88,331,452	-	-	50,683,985	15,192,723	22,454,744
Due from affiliates	101,750	(20,682,625)	18,511,248	2,219,577	53,550	-
Inventories	12,277,954	-	-	5,172,717	2,878,026	4,227,211
Estimated settlements due from third-party payors	19,912,936	-	-	1,943,459	15,471,139	2,498,338
Prepaid expenses and other assets	8,902,553	-	1,533,189	2,931,046	1,929,853	2,508,465
Total current assets	269,264,026	(20,682,625)	131,010,618	78,070,845	45,138,129	35,727,059
Assets limited to use externally designated						
Deferred costs	78,311,656	-	78,311,656	-	-	-
Investment in affiliates	7,313,727	-	7,313,727	-	-	-
	4,526,748	-	1,530,916	2,391,477	604,355	-
	90,152,131	-	87,156,299	2,391,477	604,355	-
Land, buildings, equipment, and construction-in-progress, net	291,861,929	-	64,094,692	116,839,175	26,486,034	84,442,028
	\$ 651,278,086	\$ (20,682,625)	\$ 282,261,609	\$ 197,301,497	\$ 72,228,518	\$ 120,169,087

Community Foundation of Northwest Indiana Obligated Group

Details of Combined Balance Sheet (continued)

June 30, 2007

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc.	Munster Medical Research Foundation, Inc. - The Community Hospital	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.
Liabilities and net assets						
Current liabilities:						
Accounts payable	\$ 17,199,478	\$ -	\$ 2,410,059	\$ 7,813,292	\$ 2,774,040	\$ 4,202,087
Accrued expenses	53,511,601	-	5,085,099	26,846,743	13,296,397	8,283,362
Contracts payable	24,086	-	24,086	-	-	-
Estimated settlements due to third-party payors	5,042,354	-	-	4,074,540	-	-
Due to affiliates	5,443,683	(20,682,625)	91,662	7,072,400	10,595,387	967,814
Current portion of capital leases	1,860,130	-	-	852,602	454,494	8,366,859
Current portion of notes payable	1,379,706	-	779,706	-	-	553,034
Current portion of long-term debt	3,534,632	-	3,534,632	-	-	600,000
Total current liabilities	87,995,670	(20,682,625)	11,925,244	46,659,577	27,120,318	22,973,156
Noncurrent liabilities:						
Capital leases, less current portion	3,229,951	-	-	1,418,543	833,275	978,133
Notes payable, less current portion	8,232,284	-	6,639,655	-	-	1,592,629
Long-term debt	285,968,799	-	285,968,799	-	-	-
Due to Community Surgery Center LLC	848,676	-	-	848,676	-	-
Noncurrent pension liability	17,553,426	-	-	17,553,426	-	-
Asset retirement obligation	745,080	-	-	279,629	465,451	-
Total noncurrent liabilities	316,578,216	-	292,608,454	20,100,274	1,298,726	2,570,762
Total liabilities	404,573,886	(20,682,625)	304,533,698	66,759,851	28,419,044	25,543,918
Net assets:						
Unrestricted	245,389,656	-	(22,394,793)	129,718,117	43,567,495	94,498,837
Temporarily restricted	1,212,198	-	122,704	721,183	241,979	126,332
Permanently restricted	102,346	-	-	102,346	-	-
	246,704,200	-	(22,272,089)	130,541,646	43,809,474	94,625,169
	\$ 651,278,086	\$ (20,682,625)	\$ 282,261,609	\$ 197,301,497	\$ 72,228,518	\$ 120,169,087

Community Foundation of Northwest Indiana Obligated Group **Details of Combined Statement of Operations and Changes in Unrestricted Net Assets**

Year Ended June 30, 2007

	Combined	Eliminations	Community Foundation of Northwest Indiana, Inc.	Munster Medical Research Foundation, Inc. - The Community Hospital	St. Catherine Hospital, Inc.	St. Mary Medical Center, Inc.
Revenue						
Net patient service revenue	\$ 550,026,154	\$ -	\$ -	\$ 299,900,001	\$ 108,187,917	\$ 141,938,236
Capitation program revenue	21,180,956	-	-	-	21,180,956	-
Other	19,397,818	(1,387,075)	5,335,628	11,415,917	2,628,570	1,404,778
Total operating revenue	590,604,928	(1,387,075)	5,335,628	311,315,918	131,997,443	143,343,014
Expenses						
Salaries	231,932,552	-	16,981,456	122,584,467	43,703,894	48,662,735
Employee benefits	56,836,665	-	1,444,010	32,798,244	10,221,147	12,373,264
Medical fees	4,415,181	-	-	1,602,729	2,145,437	667,015
Medical and other supplies	118,161,095	-	605,189	62,577,325	22,463,755	32,514,826
Outside services	46,007,580	(22,140)	(27,419,808)	34,956,036	18,232,340	20,261,152
Interest	13,065,220	-	4,474,786	874,148	2,632,724	5,083,562
Provision for uncollectible accounts	21,700,088	-	-	10,844,198	3,714,750	7,141,140
Depreciation and amortization	37,808,891	-	7,970,977	17,364,838	4,389,630	8,083,446
Loss on early extinguishment of debt	5,610,813	-	5,610,813	-	-	-
Other	49,944,376	(1,364,935)	4,977,104	15,400,209	23,426,912	7,505,086
Total expenses	585,482,461	(1,387,075)	14,644,527	299,002,194	130,930,589	142,292,226
Operating income	5,122,467	-	(9,308,899)	12,313,724	1,066,854	1,050,788
Nonoperating						
Unrealized investment income - gain (loss)	81,027	-	81,027	-	-	-
Investment income	5,543,028	-	4,015,193	772,498	296,592	458,745
Total nonoperating	5,624,055	-	4,096,220	772,498	296,592	458,745
Revenue in excess (less than) of expenses	10,746,522	-	(5,212,679)	13,086,222	1,363,446	1,509,533